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RELEASED IN PART  
B1, 1.4(B), 1.4(D)PAGE 01 CARACA 00090 01 OF 02 092155Z  
ACTION WHA-00

INFO	LOG-00	MFA-00	NP-00	AID-00	CEA-01	CIAE-00	CTME-00
	DINT-00	DODE-00	PERC-00	SRPP-00	DS-00	EB-00	EXIM-01
	E-00	VC-00	FRB-00	H-01	TEDE-00	INR-00	ITC-01
	L-00	VCE-00	AC-01	NSAE-00	OES-00	OMB-01	OPIC-01
	PA-00	PM-00	PRS-00	ACE-00	P-00	SP-00	IRM-00
	SSO-00	STR-00	TRSE-00	USIE-00	ASDS-00	EPAE-00	PMB-00
	DSCC-00	PRM-00	DRL-02	G-00	NFAT-00	SAS-00	/009W

-----22C158 092155Z /38

O 092045Z JAN 03  
FM AMEMBASSY CARACAS  
TO SECSTATE WASHDC IMMEDIATE 9506  
INFO DEPT OF COMMERCE WASHDC PRIORITY  
DEPT OF ENERGY WASHDC PRIORITY  
NSC WASHDC PRIORITY  
OPEC COLLECTIVE  
AMEMBASSY BOGOTA  
AMEMBASSY BRASILIA  
AMEMBASSY LA PAZ  
AMEMBASSY LIMA  
AMEMBASSY MEXICO  
AMEMBASSY PORT OF SPAIN  
AMEMBASSY QUITO  
AMEMBASSY SANTIAGO

C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 000090

NSC FOR LLORENS

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ENERGY FOR D.PHUMPHREY, A.LOCKWOOD, M.BILLIG, AND B.MARCOIS  
STATE PASS USAID FOR DCHA/OTI - R.ULLRICH AND R.PORTER

E.O. 12958: DECL: 01/09/2013  
TAGS: EPET, PGOV, ASEC, VE  
SUBJECT: VENEZUELA ENERGY UPDATE: JANUARY 9, 2003

REF: CARACAS 39

CLASSIFIED BY: AMBASSADOR CHARLES S. SHAPIRO, REASONS 1.5 (B) AND (D)

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SUMMARY  
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1. (C) THE PETROLEOS DE VENEZUELA (PDVSA) OPPOSITION ACKNOWLEDGES ON JANUARY 9 THAT VENEZUELAN CRUDE PRODUCTION IS NOW 341,000 BARRELS PER DAY. [REDACTED]

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[REDACTED] THE PUBLIC ANNOUNCEMENT WILL BE MADE ON JANUARY 13 THAT CHEVRONTTEXACO WILL BE AWARDED BLOCK 2 OF THE DELTANA PLATFORM NATURAL GAS PROJECT. [REDACTED] ALSO INTRODUCED THE AMBASSADOR TO LUIS VIERMA, CONFIRMED AS THE NEW VICE MINISTER OF ENERGY AND MINES. [REDACTED] INFORMED [REDACTED] THAT ITS PRODUCTION IN THE WEST HAS DROPPED BECAUSE OF STORAGE PROBLEMS AT THE BAJO GRANDE REFINERY. ALL COMPANY EXPATRIATES WILL RETURN TO VENEZUELA BY JANUARY 13. [REDACTED]

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CARBOZULIA, THE PDVSA

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AFFILIATE THAT PRODUCES COAL IN ZULIA STATE, DECLARED FORCE MAJEURE ON JANUARY 8. END SUMMARY.

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OIL PRODUCTION  
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2. (C) ACCORDING TO THE PDVSA OPPOSITION GROUP "GENTE DE PETROLEO" (PETROLEUM PEOPLE), VENEZUELAN OIL PRODUCTION ON JANUARY 9 IS 341,000 BARRELS PER DAY (B/D). THIS IS BROKEN DOWN AS FOLLOWS: 184,000 BARRELS OF PRODUCTION FROM THE WEST, OF WHICH 98,000 BARRELS ARE PDVSA'S OWN PRODUCTION AND 86,000 BARRELS ARE PRODUCED BY THIRD PARTY OPERATORS. EASTERN PRODUCTION IS PUT AT 150,000 BARRELS, OF WHICH 90,000 BARRELS ARE PDVSA'S OWN PRODUCTION, 48,000 BARRELS ARE FROM THIRD PARTY OPERATORS, AND 12,000 BARRELS ARE PRODUCED BY PDVSA GAS. FINALLY, THE REPORT ADDS THAT 7,000 BARRELS ARE BEING PRODUCED OUT OF PDVSA'S SOUTHERN OPERATIONS IN BARINAS. THE REPORT NOTES THAT THE INCREASED PRODUCTION CAME OUT OF PDVSA'S OPERATIONS IN LAGUNILLAS IN THE WEST AND FROM THE THIRD PARTY OPERATORS IN THE EAST.

3. (C) THE JANUARY 9 REPORT, HOWEVER, INCLUDES A NUMBER OF ALERTS CONCERNING OPERATIONAL FAILURES. ACCORDING TO "GENTE DE PETROLEO," THE PIPES OF 18 WELLS IN LAKE MARACAIBO ARE NOW BROKEN, WHILE UNCONTROLLED VENTING FROM FLOW STATIONS IS CAUSING ADDITIONAL CONTAMINATION OF THE LAKE. THE REPORT ALSO ALLEGES THAT CRUDE PRODUCTION FROM THE PIRITAL AND OROCUAL FIELDS IN THE EAST IS CONTINUING WITHOUT THE NECESSARY FLUID INJECTION WHICH WILL CAUSE IRREVERSIBLE

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DAMAGE TO THE FIELDS.

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CHANGES AT THE MINISTRY OF ENERGY AND MINES  
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4. (C) [REDACTED] INTRODUCED  
THE AMBASSADOR TO LUIS VIERMA, WHOM HE IDENTIFIED AS THE NEW  
VICE MINISTER OF ENERGY AND MINES. VIERMA, A PDVSA LOANEE,  
HAS SERVED AS THE MINISTRY'S DIRECTOR FOR HYDROCARBONS FOR  
SOME TIME. [REDACTED]

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CHEVRONTExACO: GETS THE NOD FOR DELTANA PLATFORM?  
OPERATIONAL UPDATE  
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5. (C) [REDACTED] ALSO INFORMED THE AMBASSADOR THAT  
CHEVRONTExACO,S BID ON BLOCK 2 OF THE DELTANA PLATFORM  
PROJECT WOULD BE ACCEPTED BY THE GOV AND THAT THE  
ANNOUNCEMENT WILL BE MADE ON MONDAY, JANUARY 13. [REDACTED]

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ACTION WHA-00

INFO	LOG-00	MFA-00	NP-00	AID-00	CEA-01	CIAE-00	CTME-00
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C O N F I D E N T I A L SECTION 02 OF 02 CARACAS 000090

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SUBJECT: VENEZUELA ENERGY UPDATE: JANUARY 9, 2003

[REDACTED] THIS  
STEP HAS BEEN TAKEN BECAUSE THE STORAGE CAPACITY AT THE BAJO  
GRANDE REFINERY IS CLOSE TO FULL. [REDACTED] ADDED THAT THE GOV  
HAS ASKED THE COMPANY TO PUMP FROM [REDACTED] AT THE  
MAXIMUM (APPROXIMATELY 16,000 BARRELS) IN ORDER TO ASSURE GAS  
FOR DOMESTIC CONSUMPTION IN MARACAIBO. (NOTE: ANOTHER  
[REDACTED] TODAY REPORTED THAT TOTAL [REDACTED]  
PRODUCTION IS 60,000 B/D. END NOTE)

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6. (C) [REDACTED] ALSO INFORMED THE AMBASSADOR THAT ALL  
[REDACTED] EXPATRIATES AND THEIR FAMILIES WILL RETURN TO  
VENEZUELA NO LATER THAN MONDAY, JANUARY 13. HE ADDED THAT  
5,000 (OF 7,000) OF THE CONSTRUCTION WORKERS ON THE HAMACA  
PROJECT UPGRADER IN JOSE HAVE NOW RETURNED TO THE JOB (SEE  
REFTEL). THE NEXT HURDLE IN GETTING CONSTRUCTION UP AGAIN IS  
THE AVAILABILITY OF CEMENT, WHICH IS IN SHORT SUPPLY DUE TO  
THE SHORTAGE OF NATURAL GAS.

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GOV CALLING ON OTHER U.S. COMPANIES  
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OTHER STRIKE NEWS  
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8. (C) [REDACTED] INFORMED ECONOFF ON JANUARY  
8 THAT THE OPPOSITION LEADERS ANTICIPATE THAT AS MANY AS  
4,000 PDVSA EMPLOYEES WILL BE FIRED. HE ALSO PASSED ON THE  
INFORMATION THAT CARBOZULIA, THE PDVSA AFFILIATE THAT  
PRODUCES COAL IN ZULIA STATE FOR EXPORT TO THE U.S., DECLARED  
FORCE MAJEURE ON JANUARY 8.  
SHAPIRO

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